

NATIONAL SMALL BUSINESS REGULATORY ASSISTANCE  
ACT OF 2005

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JULY 28, 2005.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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Mr. MANZULLO, from the Committee on Small Business,  
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 230]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 230) to amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a program to provide regulatory compliance assistance to small business concerns, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “National Small Business Regulatory Assistance Act of 2005”.

**SEC. 2. PURPOSE.**

The purpose of this Act is to establish a program to—

- (1) provide confidential assistance to small business concerns;
- (2) provide small business concerns with the information necessary to improve their rate of compliance with Federal and State regulations;
- (3) create a partnership among Federal agencies to increase outreach efforts to small business concerns with respect to regulatory compliance;
- (4) provide a mechanism for unbiased feedback to Federal agencies on the regulatory environment for small business concerns; and
- (5) utilize the service delivery network of Small Business Development Centers to improve access of small business concerns to programs to assist them with regulatory compliance.

**SEC. 3. DEFINITIONS.**

In this Act, the definitions set forth in section 37(a) of the Small Business Act (as added by section 4 of this Act) shall apply.

**SEC. 4. SMALL BUSINESS REGULATORY ASSISTANCE PROGRAM.**

The Small Business Act (15 U.S.C. 637 et seq.) is amended—

- (1) by redesignating section 37 as section 38; and
- (2) by inserting after section 36 the following new section:

**“SEC. 37. SMALL BUSINESS REGULATORY ASSISTANCE PROGRAM.**

“(a) DEFINITIONS.—In this section, the following definitions apply:

“(1) ASSOCIATION.—The term ‘Association’ means the association recognized by the Administrator of the Small Business Administration under section 21(a)(3)(A).

“(2) PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.—The term ‘participating Small Business Development Center’ means a Small Business Development Center participating in the program.

“(3) PROGRAM.—The term ‘program’ means the regulatory assistance program established under this section.

“(4) REGULATORY COMPLIANCE ASSISTANCE.—The term ‘regulatory compliance assistance’ means assistance provided by a Small Business Development Center to a small business concern to enable the concern to comply with Federal regulatory requirements.

“(5) SMALL BUSINESS DEVELOPMENT CENTER.—The term ‘Small Business Development Center’ means a Small Business Development Center described in section 21.

“(6) STATE.—The term ‘State’ means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

“(b) AUTHORITY.—In accordance with this section, the Administrator shall establish a program to provide regulatory compliance assistance to small business concerns through selected Small Business Development Centers, the Association of Small Business Development Centers, and Federal compliance partnership programs.

“(c) SMALL BUSINESS DEVELOPMENT CENTERS.—

“(1) IN GENERAL.—In carrying out the program, the Administrator shall enter into arrangements with selected Small Business Development Centers under which such Centers shall provide—

“(A) access to information and resources, including current Federal and State nonpunitive compliance and technical assistance programs similar to those established under section 507 of the Clean Air Act (42 U.S.C. 7661f);

“(B) training and educational activities;

“(C) confidential, free-of-charge, one-on-one, in-depth counseling to the owners and operators of small business concerns regarding compliance with Federal and State regulations, as long as such counseling is not considered to be the practice of law in a State in which a Small Business Development Center is located or in which such counseling is conducted;

“(D) technical assistance;

“(E) referrals to experts and other providers of compliance assistance who meet such standards for educational, technical, and professional competency as are established by the Administrator; and

“(F) access to the Internet and training on Internet use, including the use of the Internet website established by the Administrator under subsection (d)(1)(C).

“(2) REPORTS.—

“(A) IN GENERAL.—Each selected Small Business Development Center shall transmit to the Administrator a quarterly report that includes—

“(i) a summary of the regulatory compliance assistance provided by the center under the program; and

“(ii) any data and information obtained by the center from a Federal agency regarding regulatory compliance that the agency intends to be disseminated to small business concerns.

“(B) ELECTRONIC FORM.—Each report required under subparagraph (A) shall be transmitted in electronic form.

“(C) INTERIM REPORTS.—A participating Small Business Development Center may transmit to the Administrator such interim reports as the Center considers appropriate.

“(D) LIMITATION ON DISCLOSURE REQUIREMENTS.—The Administrator shall not require a Small Business Development Center to disclose the name or address of any small business concern that received or is receiving

assistance under the program, except that the Administrator shall require such a disclosure if ordered to do so by a court in any civil or criminal action.

“(d) DATA REPOSITORY AND CLEARINGHOUSE.—

“(1) IN GENERAL.—In carrying out the program, the Administrator shall—

“(A) act as the repository of and clearinghouse for data and information submitted by Small Business Development Centers;

“(B) submit to the President, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives an annual report that includes—

“(i) a description of the types of assistance provided by participating Small Business Development Centers under the program;

“(ii) data regarding the number of small business concerns that contacted participating Small Business Development Centers regarding assistance under the program;

“(iii) data regarding the number of small business concerns assisted by participating Small Business Development Centers under the program;

“(iv) data and information regarding outreach activities conducted by participating Small Business Development Centers under the program, including any activities conducted in partnership with Federal agencies;

“(v) data and information regarding each case known to the Administrator in which one or more Small Business Development Centers offered conflicting advice or information regarding compliance with a Federal or State regulation to one or more small business concerns;

“(vi) any recommendations for improvements in the regulation of small business concerns; and

“(vii) a list of regulations identified by the Administrator, after consultation with the Chief Counsel for Advocacy of the Administration, who shall review such list, and the Small Business and Agriculture Regulatory Enforcement Ombudsman, as being most burdensome to small business concerns, and recommendations to reduce or eliminate the burdens of such regulations; and

“(C) establish an Internet website that—

“(i) provides access to Federal, State, academic, and industry association Internet websites containing industry-specific regulatory compliance information that the Administrator deems potentially useful to small businesses attempting to comply with Federal regulations; and

“(ii) arranges such Internet websites in industry-specific categories.

“(e) REVIEW OF BURDENSOME REGULATIONS AND PETITION FOR AGENCY REVIEW.—

“(1) TRANSMISSION OF LIST OF REGULATIONS TO CHIEF COUNSEL FOR ADVOCACY.—The Administrator shall transmit to the Chief Counsel for Advocacy of the Administration a copy of the list of regulations submitted under subsection (d)(1)(B) as part of the annual report required by that subsection.

“(2) REVIEW OF LIST OF REGULATIONS.—The Chief Counsel for Advocacy shall review the list of regulations transmitted under paragraph (1) and identify any regulation that—

“(A) is eligible for review in accordance with section 610 of title 5, United States Code;

“(B) has a significant impact on a substantial number of small business concerns that is substantially different from the impact indicated in the final regulatory flexibility analysis for that regulation, as published with the final regulation in the Federal Register; or

“(C) has a significant impact on a substantial number of small business concerns and for which no final regulatory flexibility analysis was ever performed.

“(3) NOTIFICATION AND AGENCY REVIEW.—With respect to any regulation identified under paragraph (2) the Chief Counsel for Advocacy shall—

“(A) notify the appropriate Federal rulemaking agency and the Office of Information and Regulatory Affairs of the Office of Management of the identification of such rule or regulation; and

“(B) request the review of such regulation—

“(i) in accordance with section 610 of title 5, United States Code; or

“(ii) for any impact it has on small business concerns.

“(4) ANNUAL REPORT.—The Chief Counsel for Advocacy shall publish an annual report containing a list of any regulation identified under paragraph (2) and the disposition by the appropriate agency.

“(f) ELIGIBILITY.—

“(1) IN GENERAL.—A Small Business Development Center shall be eligible to receive assistance under the program only if the center is certified under section 21(k)(2).

“(2) WAIVER.— With respect to a Small Business Development Center seeking assistance under the program, the administrator may waive the certification requirement set forth in paragraph (1) if the Administrator determines that the center is making a good faith effort to obtain such certification.

“(3) EFFECTIVE DATE.—The restriction described in paragraph (1) shall not apply to any Small Business Development Center before October 1, 2005.

“(g) SELECTION OF PARTICIPATING STATE PROGRAMS.—

“(1) ESTABLISHMENT OF PROGRAM.—In consultation with the Association and giving substantial weight to the Association’s recommendations, the Administrator shall select the Small Business Development Center programs of 2 States from each of the following groups of States to participate in the program:

“(A) Group 1: Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

“(B) Group 2: New York, New Jersey, Puerto Rico, and the Virgin Islands.

“(C) Group 3: Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

“(D) Group 4: Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

“(E) Group 5: Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

“(F) Group 6: Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

“(G) Group 7: Missouri, Iowa, Nebraska, and Kansas.

“(H) Group 8: Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

“(I) Group 9: California, Guam, Hawaii, Nevada, and Arizona.

“(J) Group 10: Washington, Alaska, Idaho, and Oregon.

“(2) DEADLINE FOR INITIAL SELECTIONS.—The Administrator shall make selections under paragraph (1) not later than 60 days after promulgation of regulations under section 5 of the National Small Business Regulatory Assistance Act of 2005.

“(3) ADDITIONAL SELECTIONS.—Not earlier than the date 3 years after the date of the enactment of this paragraph, the Administrator may select Small Business Development Center programs of States in addition to those selected under paragraph (1). The Administrator shall consider the effect on the programs selected under paragraph (1) before selecting additional programs under this paragraph.

“(4) COORDINATION TO AVOID DUPLICATION WITH OTHER PROGRAMS.—In selecting programs under this subsection, the Administrator shall give a preference to Small Business Development Center programs that have a plan for consulting with Federal and State agencies to ensure that any assistance provided under this section is not duplicated by an existing Federal or State program.

“(h) MATCHING NOT REQUIRED.—Subparagraphs (A) and (B) of section 21(a)(4) shall not apply to assistance made available under the program.

“(i) DISTRIBUTION OF GRANTS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), each State program selected to receive a grant under subsection (g) in a fiscal year shall be eligible to receive a grant in an amount not to exceed the product obtained by multiplying—

“(A) the amount made available for grants under this section for the fiscal year; and

“(B) the ratio that the population of the State bears to the population of all the States with programs selected to receive grants under subsection (g) for the fiscal year.

“(2) MINIMUM AMOUNT.—The minimum amount that a State program selected to receive a grant under subsection (g) shall be eligible to receive under this section for any fiscal year shall be \$200,000. The Administrator shall reduce the amount described in paragraph (1) as appropriate to carry out the purposes of this paragraph and subsection (j)(2).

“(j) EVALUATION AND REPORT.—Not later than 3 years after the establishment of the program, the Comptroller General of the United States shall conduct an evaluation of the program and shall transmit to the Administrator, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives a report containing the results of the evaluation along with any recommendations as to whether the program, with or without modification, should be extended to include the participation of all Small Business Development Centers.

“(k) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated to carry out this section \$5,000,000 for fiscal year 2006 and each subsequent fiscal year.

“(2) LIMITATION ON USE OF OTHER FUNDS.—The Administrator shall carry out the program only with amounts appropriated in advance specifically to carry out this section.”.

#### SEC. 5. PROMULGATION OF REGULATIONS.

After providing notice and an opportunity for comment and after consulting with the Association (but not later than 180 days after the date of the enactment of this Act), the Administrator shall promulgate final regulations to carry out this Act, including regulations that establish—

- (1) priorities for the types of assistance to be provided under the program;
- (2) standards relating to educational, technical, and support services to be provided by participating Small Business Development Centers;
- (3) standards relating to any national service delivery and support function to be provided by the Association under the program;
- (4) standards relating to any work plan that the Administrator may require a participating Small Business Development Center to develop; and
- (5) standards relating to the educational, technical, and professional competency of any expert or other assistance provider to whom a small business concern may be referred for compliance assistance under the program.

#### PURPOSE

The purpose of H.R. 230, the “National Small Business Regulatory Assistance Act of 2005,” is to utilize existing Small Business Administration infrastructure to provide regulatory compliance assistance to small businesses. The United States Small Business Administration oversees the operations of Small Business Development Centers (SBDCs). Located in every state, these centers are associated with colleges and universities and provide operational assistance to small business owners. They are authorized to provide regulatory compliance assistance, but they do not have an organized program for providing such assistance. H.R. 230 would establish a program for selected SBDC state grantees to specifically develop regulatory compliance assistance.

The bill mandates that the Administrator of the United States Small Business Administration establish a project in which twenty SBDC state programs will be selected to test whether the centers within those state programs would be an appropriate vehicle for providing regulatory compliance assistance to small business owners. It is the expectation of the Committee that the program should be expanded to include all SBDCs should the program prove successful.

Finally, the bill, as amended, requires the Administrator to establish a web based resource for small business compliance assistance, organized by industry, and directs the participating SBDCs to assist small businesses in using this and other web based compliance assistance resources. Further, it builds on the current requirement to identify burdensome regulations and creates a mechanism for bringing such regulations to the attention of the appropriate agencies for review.

#### NEED FOR LEGISLATION

During the past twenty-five years, the Federal Register—the compendium of federal regulatory initiatives and changes—almost doubled in size from 42,000 pages to a record 83,289 pages in 2000. Since President Bush took office in 2001, the growth in regulation has slowed but the regulatory burden continues to be a problem.

This crush of federal dictates is particularly troubling to small businesses that find it increasingly difficult to meet these burgeoning regulatory requirements while at the same time trying to successfully operate their businesses in an expanding competitive global environment. Often, small business owners do not learn about their failure to comply with a regulation or that a new regulatory requirement has been imposed until an inspector or auditor walks through the door.

The result is neither beneficial to the small business owner nor the federal government. Federal regulations exist to achieve some statutory objective; noncompliance hinders the reaching of these statutory goals. Small business owners certainly would be more interested in complying with federal regulations than paying penalties and fines. However, the amount of information, including regulations and concomitant guidance, simply overwhelms small business owners.

In 1996, Congress took action in an effort to alleviate this problem. The Small Business Regulatory Enforcement Fairness Act provided that federal agencies are required to produce plain-English compliance guides for any regulation that would have a significant economic impact on a substantial number of small businesses. The General Accounting Office (now the General Accountability Office) found that agencies did not do a particularly good job in drafting compliance guides. United States General Accounting Office, *Compliance Guide Requirement Has Had Little Effect on Agency Practices* 1 (December 2001). Even if agencies do produce excellent compliance guides, they are of little utility if small business owners do not know about the regulatory changes. Some mechanism must exist to make small businesses more aware of their regulatory obligations.

Even more important than making small businesses aware of the regulations is providing them with assistance needed to understand and comply with the regulations. A regulation may only take up fifteen pages of text, but the explanation for what those pages mean may require sifting through a hundred or more pages of dense, triple-columned, single-spaced pages in the Federal Register. See, e.g., *Defining and Delimiting the Exemption for Executive, Administrative, Professional, Outside Sales and Computer Employees*, 69 Fed. Reg. 22,122 (April 23, 2004) (regulations are 14 pages but explanatory text is 138 pages). Most small business owners do not have the time to go through this dense prolixity. And even if they did, they would not understand it unless they were knowledgeable in the field. The Committee believes that greater assistance must be provided to small business owners in helping them comply with complex regulatory issuances. Otherwise, a divide could develop between those businesses, usually large, with the resources to comply and those, usually small, without such resources. The small businesses will be at risk for penalties, fines, and audits while large businesses will not. Success or failure should be determined in the marketplace; not whether the business has the internal resources needed to comply with federal regulatory edicts. A regulatory compliance assistance program operated through the SBDCs could provide substantial assistance in ensuring such a divide does not occur.

The Small Business Administration oversees a number of mechanisms for delivering advice to small business owners. One of the most effective is the Small Business Development Center program. Operated in conjunction with colleges and universities, the SBDCs assist small businesses in solving problems concerning the operations, manufacturing, engineering, technology, exchange and development, personnel administration, marketing, sales, merchandising, finance, accounting, and business strategy development. The SBDCs utilize the resources and the expertise of colleges and universities. In addition, the SBDCs, like the Agricultural Extension Service, also provide a focal point for information retrieval, coordination of federal and state government services, and referral to experts. Historically, the SBDCs have focused on financial, management, and marketing activities of small businesses despite the requirement that they also provide regulatory compliance assistance. See § 21(c)(3)(H) of the Small Business Act (codified at 15 U.S.C. § 648(c)(3)(H)).

The Committee believes that SBDCs can provide an effective mechanism for dispensing regulatory compliance information and advice. However, regulatory compliance, unlike many of the other activities undertaken by the SBDCs, has significant legal consequences and requires resource utilization quite different from that usually offered at SBDCs. Therefore, the Committee believes that a program to examine how the regulatory compliance assistance will operate in selected SBDCs is a preferred strategy to simply providing an authorization of additional funding so that the SBDCs can provide regulatory compliance assistance. By initially limiting the number of centers, the Small Business Administration can pick the centers that will provide the best regulatory compliance assistance and then transfer the best practices on regulatory assistance to other centers.

#### COMMITTEE ACTION

The Committee on Small Business held a field hearing to consider predecessor versions of H.R. 230. The hearing was held on September 2, 1999 at the Columbia Greene Community College in Hudson, NY. During that hearing, small businesses testified concerning the complexity of federal regulations, their desire for better understanding of federal regulatory requirements, and the need for easy access to compliance assistance. The Committee's Subcommittee on Workforce, Empowerment, and Government Programs held a hearing on another predecessor to H.R. 230 on July 19, 2001. At the hearing, witnesses, the sponsor of the bill, Mr. Sweeney (R-NY), noted that he continues to hear from small business constituents that they still are being overwhelmed with regulation and need compliance assistance. The Association of Small Business Development Centers (Association) also voiced support for the bill. Finally, the American Industrial Hygiene Association also endorsed the bill but suggested that amendments should be made to ensure that regulatory compliance assistance is provided by properly credentialed individuals. A hearing on H.R. 230 was held on July 13, 2005 before the full Committee. Mr. Rich Gangi, president of American Trim, noted that offering greater regulatory compliance assistance will benefit small business owners who do not have expertise to understand complex federal regulatory schemes.

## CONSIDERATION OF H.R. 230

At 9:36 a.m. on July 14, 2005, the Committee on Small Business met to consider and report H.R. 230. Following brief opening statement by the Chairman, he declared the bill open for amendment.

Mr. Manzullo introduced an amendment in the nature of a substitute. Ms. Velázquez (D-NY), the Ranking Democratic Member, introduced an amendment to amend Mr. Manzullo's amendment in the nature of a substitute. The Ranking Member's amendment was accepted by unanimous voice vote, a quorum being present. Chairman Manzullo then moved the bill be reported, and at 9:45 a.m. by unanimous voice vote, a quorum being present, the Committee passed H.R. 230, as amended and ordered it reported.

## SECTION-BY-SECTION ANALYSIS

*Section 1. Short title*

Designates the bill as the "National Small Business Regulatory Assistance Act of 2005."

*Section 2. Purpose*

This section expresses the purpose of the legislation—to establish a dedicated set of resources within certain SBDCs to provide and coordinate regulatory compliance assistance to small businesses.

*Section 3. Definitions*

The definitions of the Small Business Act shall apply to this program unless a different definition is utilized in the new § 36 created by this Act. In those cases in which the definition is different, the definitions in new § 36 shall apply to the program created by this Act.

*Section 4. Small business regulatory assistance program*

This section establishes the program by creating a new Section 36 of the Small Business Act. Since H.R. 230 amends the Small Business Act, the Chairman's mark eliminates definitions of terms already in the Act. Thus, the terms Administrator, Association, Small Business Development Center, and State were deleted as being redundant.

Section 36(a)(1) defines the term "Selected Small Business Development Center" as a SBDC selected to participate in the program established under this section. The Chairman's substituted the term "selected" for the term "participating" because the former more accurately reflects the nature of the involvement of the SBDC.

Section 36(a)(2) defines the term "Program" to mean the program established under this section for the provision of compliance assistance by the Small Business Administration through the utilization of resources of SBDCs.

Section 36(a)(3) defines the term "Regulatory Compliance Assistance" as assistance provided by a participating SBDC to a small business concerning compliance with federal regulations.

Section 36(b) authorizes the Administrator of the Small Business Administration to establish a program for selected SBDCs to provide small businesses with regulatory compliance assistance.



Section 36(c)(1) authorizes the Administrator to enter into arrangements with the SBDCs selected under this section for the provision of regulatory compliance assistance.

The selected SBDCs are required to provide access to information and resources on regulatory compliance, including contact information for federal and state compliance and technical assistance similar to those established under section 507 of the Clean Air Act Amendments of 1990. Numerous other federal and state agencies have non-punitive compliance assistance programs (such as the federal Occupational Safety and Health Administration), and the Committee expects that the SBDCs selected under this section will maintain all necessary contact information with those federal and state agencies. Furthermore, the Committee expects that the quality of coordination of these assistance resources will be a significant factor in selecting the SBDCs for the program.

Section 36(c)(1) also requires that the selected SBDCs establish various training and educational activities. The Committee expects that selected centers will utilize their contacts with federal and state agencies to obtain compliance pamphlets, videos, books, and any compliance guides issued pursuant to the Small Business Regulatory Enforcement Fairness Act. In addition, the Committee expects that participating centers will hold lectures and seminars on regulatory compliance including updates on compliance based on regulatory changes. The Committee expects that the Administrator will consider the quality of proposed educational programs in determining which centers are selected to participate in the program.

Section 36(c)(1)(C) also mandates that the selected SBDCs provide confidential counseling on a one-on-one basis at no charge to small businesses seeking regulatory compliance assistance. The Committee recognizes that compliance with regulations inculcates legal rights and responsibilities of small business owners. Therefore, section 36(c) prohibits any regulatory compliance counseling that would be considered the practice of law in the jurisdiction in which the SBDC is located or in which such counseling is conducted. Furthermore, the Committee supports efforts in which the development centers establish contacts with lawyers in the community willing to provide seminars and other consultative service on regulatory compliance matters, either for a fee or on a pro bono basis.

Section 36(c)(1) also requires the provision of technical assistance. Such counseling may include the arrangement of meetings with technical experts known to the participating SBDCs as long as such counseling again is done on a one-on-one basis at no charge to the small business.

Section 36(c)(1)(E) makes explicit the Committee's concern that small businesses are directed to those individuals who have appropriate credentials and certifications to provide regulatory compliance assistance. While the Committee fully understands that many very successful businesses, including Microsoft, Apple, and Dell Computer, started in garages and those businessmen are quite capable of providing advice on starting, financing, and marketing a business, they are not necessarily qualified to provide guidance on compliance with OSHA, EPA, or IRS regulations. In fact, due to the potential legal consequences resulting from a small business owner following incorrect guidance, the Committee determined that

it is necessary to make explicit the requirement that the participating centers only refer businesses to individuals with appropriate expertise in the regulatory compliance matter for which advice is sought.

Section 36(c)(1)(F) directs the SBDCs to provide access to and training on the Internet including the use of the Internet Web site where SBA has collected and organized regulatory compliance information as described in subsection 36(d)(1)(C).

Section 36(c)(2) requires each center selected to participate to file a quarterly report with the Administrator. The report shall provide a summary of the compliance assistance provided under the program. The report also must contain any data and information obtained by the participating SBDC from a federal agency concerning compliance that the federal agency intends to be disseminated to small business concerns. The Committee believes that this latter requirement will enable the Administrator or the Chief Counsel for Advocacy to raise issues of agency inconsistencies, to the extent that they exist, to the appropriate decisionmakers.

Section 36(c)(2) requires that reports be filed with the Administrator in an electronic format. The Committee expects the Administrator to promulgate regulations that will provide for a consistent format of the report. The Committee believes that such consistency is necessary for the accurate compilation of data and proper assessment of the effectiveness of the program.

Section 36(c)(2) also permits, but does not require, SBDCs to make interim reports if such reports are necessary or useful. For example, a SBDC participating in the program may receive inconsistent compliance information from a federal agency. By alerting the Administrator prior to the issuance of the quarterly report, the federal agency may be able to issue a clarification that may eliminate confusion, save compliance costs, and improve small business compliance.

The Chairman's mark eliminates the privacy requirements set forth in § 36(c)(2)(D). The privacy provisions in H.R. 230 were included in Division K of H.R. 4818, the Consolidated Appropriations Act for 2005, which was signed into law by President Bush on December 8, 2004 as Pub. L. No. 108-447.

Section 36(d) requires the Administrator to act as a repository of data and information submitted by SBDCs selected to participate in the program. Given the oversight role and importance of the Associate Administrator for Small Business Development Centers, section 36(d) requires that the functions of maintaining the database be housed with the Associate Administrator. The Committee believes that a central repository is necessary in order to determine whether federal agencies are providing consistent compliance information on a national basis. However, the Committee expects that the information received under this subsection be made available to other offices within the Small Business Administration, particularly the Chief Counsel for Advocacy and the Small Business and Agriculture Regulatory Ombudsman so those offices can more effectively carry out their mission of representing the interests of small businesses before federal agencies.

Section 36(d) also requires that the Administrator submit an annual report to the President and the Committees on Small Business of the Senate and the House of Representatives. The report

will contain: (a) data on the types of information provided by the participating SBDCs; (b) the number of small businesses that contacted the participating SBDCs; (c) the number of small businesses assisted by participating SBDCs; (d) information on the outreach activities of the participating SBDCs; (e) information regarding each case known to the Administrator in which participating SBDCs provided conflicting advice regarding compliance with federal regulation to one or more small businesses; (f) and any recommendations for improving the regulatory environment of small businesses, including the most burdensome regulations on small businesses. The Committee believes that this information is necessary to evaluate the utility of the program. More importantly, the report will reveal whether similarly situated small businesses are receiving consistent regulatory compliance assistance. In preparing the report, the Committee recognizes that the Administrator should consult with the Chief Counsel for Advocacy and the Small Business and Agriculture Regulatory Ombudsman. The Committee supports such consultative efforts but notes that the Administrator may not delegate the responsibility of preparing the report required by this subsection to any office within the Small Business Administration except the Associate Administrator for Small Business Development Centers.

Section 36(d)(1)(C) sets out that the website the Administrator shall set up should provide access to federal, state, academic and industry association Internet websites containing industry specific regulation compliance information and give him broad authority to determine which sites should be included. Such a site should be arranged in an industry specific organization so that small businesses can quickly locate the sites that apply to their industry.

Subsection 36(e) requires the Administrator to give the Chief Counsel for Advocacy the list as reported according to section 36(d) for the Chief Counsel to review. The Chief Counsel shall determine if any of the regulations are eligible for review under section 610 of the Regulatory Flexibility Act which would generally be a matter of seeing if the regulation was issued more than 10 years before the date of the review and if a final regulatory flexibility analysis was performed. The Chief Counsel also can determine if the regulation has a significant impact on a substantial number of small businesses and if that impact is substantially different than was estimated in the final regulatory flexibility analysis. Finally, the Chief Counsel can determine if the regulation has a significant impact on a substantial number of small business concerns but no final regulatory flexibility analysis was ever performed. If any of those three situations exist, the Chief Counsel must contact the appropriate federal rulemaking agency and the Office of Information and Regulatory Authority and request a review of such regulation in accordance with § 610 of the Regulatory Flexibility Act if applicable or for any impact the regulation has on small business. The Chief Counsel shall add to his Annual Report on Regulatory Flexibility Act if applicable or for any impact the regulation has on small business. The Chief Counsel shall add to his Annual Report on the Regulatory Flexibility Act the status of any listed regulations. The Committee believes that, in this way, the Chief Counsel and the agencies will receive solid, practical data of the regulation's impact on which to base consideration of better regulatory alter-

natives. As good as agency and the Chief Counsel's estimates are, they should not replace actual burden information reported from the field when it is available. That was the original intention of § 610.

Section 36(f) limits participation in the program only to those SBDCs certified under § 21(k)(2) of the Small Business Act. The Committee is limiting participation in the program to those small business centers of the highest quality. Some SBDCs have not completed their certification programs. Nevertheless, some of these centers may be developing or already have exceptional regulatory compliance assistance programs. The Committee does not believe that such centers should be prohibited from participating in the program. Therefore, § 36(f)(2) authorizes the Administrator to waive the requirement for certification if the center is making a good faith effort to obtain such certification.

Section 36(g) requires the Administrator to select two participating state programs from each of the Small Business Administration's ten federal regions as those regions exist on the date of enactment of this Act. The Administrator shall consult with the Association and give the Association's recommendations substantial weight. The Administrator is required to complete the selection of the participating centers within 60 days after the regulations to implement the program have been promulgated.

Section 36(h) ensures that no matching funds currently allocated to the operation of the SBDCs will be utilized to fund this new regulatory assistance program. In order to ensure proper funding, the Committee is authorizing a separate funding authorization for the program.

Section 36(i) establishes the procedures for distributing grants among the selected state programs. The formula is based on the principle that a state which has a smaller population also will have, in absolute terms, fewer small businesses than a larger state. The formula therefore allocates funds according to the relative size of each state. The Committee believes that the minimum funds needed to initiate a state program will be \$200,000. Because the Committee has authorized \$5,000,000, it is making extra resources available to the larger states which will require more resources to initiate the project.

Section 36(j) requires the Comptroller General of the United States to provide a report evaluating the effectiveness of the program three years after establishment. The report also should contain any suggested modifications to the program. Finally, the Comptroller General should provide its opinion concerning whether the program should be continued and expanded to include more SBDCs. The report shall be transmitted to the Committees on Small Business of the Senate and House of Representatives. The Committee expects that the program will be sufficiently successful to expand the program to other SBDCs.

Section 36(k) limits the operation of the program only to the funds appropriated in advance for the program. Section 36(j) provides an authorization of appropriations of \$5,000,000 for fiscal year 2006 and each year thereafter. Section 36(j) also prohibits the Administrator from using other funds, including other funds made available for the operation of SBDCs, to operate this program. The Committee authorized the additional appropriations because it de-

terminated that funding of the regulatory compliance program should not detract from the available funding for the delivery of other SBDC programs.

*Section 5. Promulgation of regulations*

Section 5 authorizes the Administrator to promulgate regulations to implement this program no later than 180 days after the enactment of the Act. Such regulations only shall be promulgated after the public has been given an opportunity for notice and comment. The Committee believes that the Administrator can and should accomplish the issuance of regulations within the deadline set by statute. The Committee considers this Act to be some other law for purposes of § 603 of Title 5 of the United States Code.

The regulations shall include the priorities for the type of assistance to be provided, standards relating to the educational, technical, and support services to be provided by the Association to the participating centers, and standards for work plans that the participating centers will provide to the Administrator. The Committee believes that given the potential interest in the program by SBDCs, it is appropriate for the Administrator to have a set of standards by which it can determine which state programs shall be chosen. More importantly, the standards will provide an appropriate baseline for the Comptroller General's evaluation of the project.

Section 5 also requires the Administrator to develop appropriate standards for ensuring the technical qualifications of experts to whom small businesses will be referred. The Committee does not intend that someone must have a college or advance degree to qualify. For example, a contractor licensed in a state with 20 years experience (who is a high-school graduate) may be as well-equipped to provide advice on compliance with OSHA construction standards as a professor of civil engineering. On the other hand, that same contractor might not be an appropriate individual to provide tax compliance advice. The Committee does not expect that this aspect of the Administrator's regulations shall be all encompassing, i.e., delineate every profession and the appropriate qualifications. However, the Committee does expect that the Administrator will recognize, as qualified, those individuals certified by nationally-recognized accrediting bodies (whose members must demonstrate substantial educational and practical experience), meet educational and work standards established by a federal agency, or are licensed to practice a particular profession or job pursuant to state law. The Committee expects that the regulations will provide the centers selected with enough information that they can determine whether the person providing the advice is competent in the field of regulation.

The Chairman's mark does not contain § 6 of H.R. 230 because, as already noted, the privacy provisions were enacted into law as part of Pub. L. No. 108-447.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 20, 2005.*

Hon. DONALD MANZULLO,  
*Chairman, Committee on Small Business,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 230, the National Small Business Regulatory Assistance Act of 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Melissa E. Zimmerman.

Sincerely,

DOUGLAS HOLTZ-EAKIN,  
*Director.*

Enclosure.

*H.R. 230—National Small Business Regulatory Assistance Act of 2005*

Summary: H.R. 230 would authorize the appropriation of \$25 million for fiscal years 2006 through 2010 to assist small businesses in complying with federal and state regulations. Under the bill, the Small Business Administration would make grants to eligible Small Business Development Centers (SBDCs) to advise small businesses on regulatory compliance, gather information on the activities of participating SBDCs, and recommend changes in regulations affecting small businesses. Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 230 would cost about \$15 million over the 2006–2010 period, with additional outlays of about \$10 million after 2010. Enacting the bill would not affect direct spending or revenues.

H.R. 230 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would benefit state, local, and tribal governments receiving grants under the bill, and any costs incurred by grant recipients would result from complying with grant conditions.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 230 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit). For this estimate, CBO assumes that the bill will be enacted by the end of 2005, that the authorized amounts will be appropriated for each fiscal year, and that outlays will follow historical trends. CBO estimates that implementing the bill would cost \$15 million over the 2006–2010 period for grants to assist small business in complying with federal and state regulations. Remaining amounts—about \$10 million—would be spent after 2010.

	By fiscal year, in millions of dollars—				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level .....	5	5	5	5	5
Estimated Outlays .....	*	2	4	4	5

Note.—\* = less than \$500,000.

Intergovernmental and private-sector impact: H.R. 230 contains no intergovernmental or private-sector mandates as defined in

UMRA. The bill would benefit state, local, and tribal governments receiving grants under the bill, and any costs incurred by grant recipients would result from complying with grant conditions.

Estimate prepared by: Federal Costs: Melissa E. Zimmerman. Impact on State, Local, and Tribal Governments: Sarah Puro. Impact on the Private Sector: Craig Cammarata.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### COMMITTEE ESTIMATE OF COSTS

Pursuant to the Congressional Budget Act of 1974, the Committee estimates that the amendments to the Small Business Act contained in H.R. 230 will not significantly increase discretionary spending over the next five fiscal years. The Committee also estimates that H.R. 230 will not affect direct spending. These estimates concur with Congressional Budget Office (CBO) estimates.

Furthermore, pursuant to clause 3(d)(2)(A) of rule XIII of the Rules of the House of Representatives, the Committee estimates that implementation of H.R. 230 will not significantly increase other administrative costs.

#### OVERSIGHT FINDINGS

In accordance with clause 4(c)(2) of rule X of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been made by the Committee on Government Reform with respect to the subject matter contained in H.R. 230.

In accordance with clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 230 are incorporated into the descriptive portions of this report.

#### STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 3(d)(1) of rule XII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, Section 8, clause 18, of the Constitution of the United States.

#### COMPLIANCE WITH PUBLIC LAW 104-4

H.R. 230 contains no unfunded mandates.

#### CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 230 does not relate to the terms and conditions of employment or access to public services or accommodations with the meaning of section 102(b)(3) of P.L. 104-1.

#### FEDERAL ADVISORY COMMITTEE STATEMENT

This legislation does not establish or authorize the establishment of any new advisory committees.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## THE SMALL BUSINESS ACT

\* \* \* \* \*

**SEC. 37. SMALL BUSINESS REGULATORY ASSISTANCE PROGRAM.**

(a) *DEFINITIONS.*—*In this section, the following definitions apply:*

(1) *ASSOCIATION.*—*The term “Association” means the association recognized by the Administrator of the Small Business Administration under section 21(a)(3)(A).*

(2) *PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.*—*The term “participating Small Business Development Center” means a Small Business Development Center participating in the program.*

(3) *PROGRAM.*—*The term “program” means the regulatory assistance program established under this section.*

(4) *REGULATORY COMPLIANCE ASSISTANCE.*—*The term “regulatory compliance assistance” means assistance provided by a Small Business Development Center to a small business concern to enable the concern to comply with Federal regulatory requirements.*

(5) *SMALL BUSINESS DEVELOPMENT CENTER.*—*The term “Small Business Development Center” means a Small Business Development Center described in section 21.*

(6) *STATE.*—*The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.*

(b) *AUTHORITY.*—*In accordance with this section, the Administrator shall establish a program to provide regulatory compliance assistance to small business concerns through selected Small Business Development Centers, the Association of Small Business Development Centers, and Federal compliance partnership programs.*

(c) *SMALL BUSINESS DEVELOPMENT CENTERS.*—

(1) *IN GENERAL.*—*In carrying out the program, the Administrator shall enter into arrangements with selected Small Business Development Centers under which such Centers shall provide—*

(A) *access to information and resources, including current Federal and State nonpunitive compliance and technical assistance programs similar to those established under section 507 of the Clean Air Act (42 U.S.C. 7661f);*

(B) *training and educational activities;*

(C) *confidential, free-of-charge, one-on-one, in-depth counseling to the owners and operators of small business concerns regarding compliance with Federal and State regulations, as long as such counseling is not considered to be the practice of law in a State in which a Small Business Development Center is located or in which such counseling is conducted;*



(D) technical assistance;

(E) referrals to experts and other providers of compliance assistance who meet such standards for educational, technical, and professional competency as are established by the Administrator; and

(F) access to the Internet and training on Internet use, including the use of the Internet website established by the Administrator under subsection (d)(1)(C).

(2) REPORTS.—

(A) *IN GENERAL.*—Each selected Small Business Development Center shall transmit to the Administrator a quarterly report that includes—

(i) a summary of the regulatory compliance assistance provided by the center under the program; and

(ii) any data and information obtained by the center from a Federal agency regarding regulatory compliance that the agency intends to be disseminated to small business concerns.

(B) *ELECTRONIC FORM.*—Each report required under subparagraph (A) shall be transmitted in electronic form.

(C) *INTERIM REPORTS.*—A participating Small Business Development Center may transmit to the Administrator such interim reports as the Center considers appropriate.

(D) *LIMITATION ON DISCLOSURE REQUIREMENTS.*—The Administrator shall not require a Small Business Development Center to disclose the name or address of any small business concern that received or is receiving assistance under the program, except that the Administrator shall require such a disclosure if ordered to do so by a court in any civil or criminal action.

(d) *DATA REPOSITORY AND CLEARINGHOUSE.*—

(1) *IN GENERAL.*—In carrying out the program, the Administrator shall—

(A) act as the repository of and clearinghouse for data and information submitted by Small Business Development Centers;

(B) submit to the President, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives an annual report that includes—

(i) a description of the types of assistance provided by participating Small Business Development Centers under the program;

(ii) data regarding the number of small business concerns that contacted participating Small Business Development Centers regarding assistance under the program;

(iii) data regarding the number of small business concerns assisted by participating Small Business Development Centers under the program;

(iv) data and information regarding outreach activities conducted by participating Small Business Development Centers under the program, including any activities conducted in partnership with Federal agencies;

(v) data and information regarding each case known to the Administrator in which one or more Small Business Development Centers offered conflicting advice or information regarding compliance with a Federal or State regulation to one or more small business concerns;

(vi) any recommendations for improvements in the regulation of small business concerns; and

(vii) a list of regulations identified by the Administrator, after consultation with the Chief Counsel for Advocacy of the Administration, who shall review such list, and the Small Business and Agriculture Regulatory Enforcement Ombudsman, as being most burdensome to small business concerns, and recommendations to reduce or eliminate the burdens of such regulations; and

(C) establish an Internet website that—

(i) provides access to Federal, State, academic, and industry association Internet websites containing industry-specific regulatory compliance information that the Administrator deems potentially useful to small businesses attempting to comply with Federal regulations; and

(ii) arranges such Internet websites in industry-specific categories.

(e) REVIEW OF BURDENSOME REGULATIONS AND PETITION FOR AGENCY REVIEW.—

(1) TRANSMISSION OF LIST OF REGULATIONS TO CHIEF COUNSEL FOR ADVOCACY.—The Administrator shall transmit to the Chief Counsel for Advocacy of the Administration a copy of the list of regulations submitted under subsection (d)(1)(B) as part of the annual report required by that subsection.

(2) REVIEW OF LIST OF REGULATIONS.—The Chief Counsel for Advocacy shall review the list of regulations transmitted under paragraph (1) and identify any regulation that—

(A) is eligible for review in accordance with section 610 of title 5, United States Code;

(B) has a significant impact on a substantial number of small business concerns that is substantially different from the impact indicated in the final regulatory flexibility analysis for that regulation, as published with the final regulation in the Federal Register; or

(C) has a significant impact on a substantial number of small business concerns and for which no final regulatory flexibility analysis was ever performed.

(3) NOTIFICATION AND AGENCY REVIEW.—With respect to any regulation identified under paragraph (2) the Chief Counsel for Advocacy shall—

(A) notify the appropriate Federal rulemaking agency and the Office of Information and Regulatory Affairs of the Office of Management of the identification of such rule or regulation; and

(B) request the review of such regulation—

(i) in accordance with section 610 of title 5, United States Code; or

(ii) for any impact it has on small business concerns.

(4) *ANNUAL REPORT.*—The Chief Counsel for Advocacy shall publish an annual report containing a list of any regulation identified under paragraph (2) and the disposition by the appropriate agency.

(f) *ELIGIBILITY.*—

(1) *IN GENERAL.*—A Small Business Development Center shall be eligible to receive assistance under the program only if the center is certified under section 21(k)(2).

(2) *WAIVER.*—With respect to a Small Business Development Center seeking assistance under the program, the administrator may waive the certification requirement set forth in paragraph (1) if the Administrator determines that the center is making a good faith effort to obtain such certification.

(3) *EFFECTIVE DATE.*—The restriction described in paragraph (1) shall not apply to any Small Business Development Center before October 1, 2005.

(g) *SELECTION OF PARTICIPATING STATE PROGRAMS.*—

(1) *ESTABLISHMENT OF PROGRAM.*—In consultation with the Association and giving substantial weight to the Association's recommendations, the Administrator shall select the Small Business Development Center programs of 2 States from each of the following groups of States to participate in the program:

(A) Group 1: Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

(B) Group 2: New York, New Jersey, Puerto Rico, and the Virgin Islands.

(C) Group 3: Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(D) Group 4: Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(E) Group 5: Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(F) Group 6: Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(G) Group 7: Missouri, Iowa, Nebraska, and Kansas.

(H) Group 8: Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(I) Group 9: California, Guam, Hawaii, Nevada, and Arizona.

(J) Group 10: Washington, Alaska, Idaho, and Oregon.

(2) *DEADLINE FOR INITIAL SELECTIONS.*—The Administrator shall make selections under paragraph (1) not later than 60 days after promulgation of regulations under section 5 of the National Small Business Regulatory Assistance Act of 2005.

(3) *ADDITIONAL SELECTIONS.*—Not earlier than the date 3 years after the date of the enactment of this paragraph, the Administrator may select Small Business Development Center programs of States in addition to those selected under paragraph (1). The Administrator shall consider the effect on the programs selected under paragraph (1) before selecting additional programs under this paragraph.

(4) *COORDINATION TO AVOID DUPLICATION WITH OTHER PROGRAMS.*—In selecting programs under this subsection, the Administrator shall give a preference to Small Business Develop-

ment Center programs that have a plan for consulting with Federal and State agencies to ensure that any assistance provided under this section is not duplicated by an existing Federal or State program.

(h) *MATCHING NOT REQUIRED.*—Subparagraphs (A) and (B) of section 21(a)(4) shall not apply to assistance made available under the program.

(i) *DISTRIBUTION OF GRANTS.*—

(1) *IN GENERAL.*—Except as provided in paragraph (2), each State program selected to receive a grant under subsection (g) in a fiscal year shall be eligible to receive a grant in an amount not to exceed the product obtained by multiplying—

(A) the amount made available for grants under this section for the fiscal year; and

(B) the ratio that the population of the State bears to the population of all the States with programs selected to receive grants under subsection (g) for the fiscal year.

(2) *MINIMUM AMOUNT.*—The minimum amount that a State program selected to receive a grant under subsection (g) shall be eligible to receive under this section for any fiscal year shall be \$200,000. The Administrator shall reduce the amount described in paragraph (1) as appropriate to carry out the purposes of this paragraph and subsection (j)(2).

(j) *EVALUATION AND REPORT.*—Not later than 3 years after the establishment of the program, the Comptroller General of the United States shall conduct an evaluation of the program and shall transmit to the Administrator, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives a report containing the results of the evaluation along with any recommendations as to whether the program, with or without modification, should be extended to include the participation of all Small Business Development Centers.

(k) *AUTHORIZATION OF APPROPRIATIONS.*—

(1) *IN GENERAL.*—There is authorized to be appropriated to carry out this section \$5,000,000 for fiscal year 2006 and each subsequent fiscal year.

(2) *LIMITATION ON USE OF OTHER FUNDS.*—The Administrator shall carry out the program only with amounts appropriated in advance specifically to carry out this section.

SEC. [37] 38. All laws and parts of laws inconsistent with this Act are hereby repealed to the extent of such inconsistency.

## ADDITIONAL VIEWS

Democrats agree strongly that some targeted, uniform delivery system must exist to make small businesses more aware of their regulatory obligations. If greater assistance is not targeted to small businesses, a divide could develop between large businesses that have the resources to comply with regulatory requirements and small businesses that do not. As a result, we strongly support a regulatory compliance assistance program operated through SBA's Small Business Development Center Program and believe that its overall success will ensure the success of the pilot program established under H.R. 230.

Small businesses have oftentimes been overwhelmed by the growing and constantly changing Federal, State and local regulatory requirements. Indeed every small business or association that has testified before the Committee in the 109th Congress has listed the growing regulatory burden as one of their top priorities for federal action. They fear that, with the onslaught of federal regulations, they will inadvertently fail to comply with some obscure rule, their business will be shut down by the government, and they will be driven into bankruptcy because they cannot afford the cost of compliance. On the other hand, small businesses also fear that going to the very agencies that create and enforce the regulations is tantamount to turning themselves in, and will ultimately result in penalties being levied on their businesses. In fact, many believe that the government is more interested in recovering penalties than in promoting compliance with the law.

Although Federal and State regulations and regulatory programs usually provide substantial benefits, they can be confusing, burdensome and incur significant costs that disproportionately fall on small businesses. Studies presented to the Committee by the SBA indicate small businesses bear a disproportionately high burden from federal regulations than their larger competitors. Small businesses are not only in need of quality regulatory compliance assistance programs, but also programs that are uniformly developed nationwide and targeted to small businesses.

An important aspect raised during the Committee's most recent hearing is the technical expertise one must have to understand each individual regulatory requirement. Providing that knowledge to small businesses is as important, if not more important, as providing advanced notice of any regulatory requirement with which they must comply. Therefore, we believe that the purpose of this new pilot program is to establish an initial contact that results in a referral to the appropriate program or experts. It is our belief that the new pilot program is required to utilize existing Federal or State compliance assistance programs and avoid competing with them. Some of these existing compliance assistance programs, such as those created under Section 507 of the Clean Air Act Amend-

ments (e.g., EPA's State Small Business Assistance Program), have established a level of expertise in compliance assistance and provide invaluable technical assistance targeted to small businesses. In addition, SBDCs must be careful in the type of counseling they provide and the liability that can result from such counseling.

We concur with the report language that directs the Administrator to select two State SBDC programs from each of the ten SBA regions across the nation. The State SBDC program, not an individual center or sub-center, will receive the grant money to implement the assistance statewide.

As introduced, H.R. 230 would have not provided a framework for small businesses to utilize the complete resource of SBDCs in meeting their regulatory. In order to improve the legislation, Ms. Velázquez of New York offered an amendment on behalf of her Democratic colleagues to do so.

The en bloc amendment proposed by the Democrats and adopted by the Committee requires the SBA to support Small Business Development Center's (SBDC) regulatory compliance assistance efforts by establishing an Internet based list of Web sites organized by industry that can help small businesses get information about regulatory compliance. It is intended that the site should include links to federal, state, academic and association Web sites. SBDC personnel should also be prepared to show entrepreneurs how to use the list and other Internet tools to find compliance assistance. In this way, entrepreneurs learn how to access sites that might be useful to them when questions arise in the future.

The entrepreneur can be taught how to find all the necessary information for the appropriate industry in one spot. If the business owner does not own a computer, then at least he will understand how to use one that might be available at the local school or library. A second essential element to finding useful Web sites is organizing them by industry. That way the business owner can review the sites that apply more easily.

It is not the Committee's intent to have this be an endorsement of any kind and the Administrator is given broad discretion to set rules by which public and private Web sites are listed. The key here is organization, access and instruction. SBA is already a major Internet hub that has significant public and private links. Working with SBDCs, SBA should concentrate on collecting and organizing useful sites that can be accessed by an industry specific reference so SBDCs and small businesses can use the list as a resource finding useful regulatory compliance assistance.

The amendment establishes a repository and clearinghouse for the information obtained by the SBDCs, primarily to provide unbiased feedback to agencies and to detect inconsistencies in information regarding compliance with a regulation. This will also work to identify government-wide trends in regulatory rulemaking and enforcement. This will facilitate the ability of the agencies and Congress to improve compliance assistance available on a government wide level to ultimately improve compliance.

In addition, the en bloc amendment requires the reporting of complicated and burdensome federal regulations to the Administrator. After review, the Administrator, in consultation with the National Ombudsman and the Chief Counsel for Advocacy, will in-

clude in his report a list of burdensome regulations as well as recommendations for ways to reduce the burden.

Once the list required by H.R. 230 is compiled, the Chief Counsel for Advocacy shall analyze the regulations on the list and identify regulations that are eligible for consideration under § 610 of the Regulatory Flexibility Act. He shall also identify cases where a regulation is not eligible for consideration under § 610 but where the actual significant impact on a substantial number of small businesses is different than the supposed impact at the time of promulgating the rule. Finally, the Chief Counsel for Advocacy shall also identify cases where there was no study of the impact at the time of promulgation of the rule but where there is clearly a significant impact on a substantial number of small businesses imposed by the regulation.

The Democrats included this change because simply identifying the burdensome regulations without requiring action would not solve the core problem. Agencies need to regularly review and improve their regulatory system based on the best available information. Once the Chief Counsel for Advocacy has identified the rules, he is required to transmit them to the Office of Information and Regulatory Affairs and the appropriate regulatory agency with a request that the agency proceed to review the rule for its impact on small business. If appropriate, it should be done as indicated in § 610 of the Regulatory Flexibility Act but the Committee assumes that if § 610 is not appropriate that the Chief Counsel will make the request of the agency in the form and manner as provided by § 553(e) of the Administrative Procedure Act (5 USC § 553(e)—which establishes the right to petition an agency for the issuance, amendment or repeal of a rule.) The Chief Counsel for Advocacy is required to report on the agency's progress with regard to such reviews in his Annual Report to the President and Congress.

As amended, this pilot program offers small businesses a voluntary, confidential, and nonpunitive means in which to obtain assistance in complying with the numerous regulations that could determine the success or failure of their businesses. By utilizing SBDCs as a delivery network, small businesses will be able to obtain counseling, training, and education, in an environment that is not perceived as intimidating or threatening. For the first time agencies will have systemized feedback on the actual impact of their regulations on small businesses. They can use this information to alter and improve their regulatory requirements.

NYDIA M. VELÁZQUEZ.